

Message Text

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46

ACTION COME-00

INFO OCT-01 AF-06 ISO-00 EB-07 TRSE-00 CAB-05 CIAE-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 PRS-01 PA-02

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FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 4319

UNCLAS LAGOS 04174

E. O. 11652: NA

TAGS: EAIR, BEXP, NI

SUBJ: POSSIBLE EMBARGO ON AIR SHIPMENTS

REF : STATE 78811

1. EMBASSY UNDERSTANDS NIGERIA AIRWAYS ACTIVELY CONSIDERING EMBARGO ON "BANK GUARANTEED AIR CARGO SHIPMENTS" EFFECTIVE MAY 1. BANK GUARANTEED SHIPMENTS ARE THOSE SHIPMENTS CONSIGNED TO A BANK FOR DELIVERY TO A THIRD PARTY, THE ULTIMATE IMPORTER, UPON PAYMENT FOR THE GOODS TO THE BANK. IN PRACTICE THIS SYSTEM SLOW AND UNWIELDY IN NIGERIA WHERE SHARP OPERATORS CAN AVOID PAYING BANK AND EITHER HAVE GOODS REMOVED FROM OVERCROWDED AIR CARGO TERMINAL SURREPTITIOUSLY OR WAIT UNTIL GOODS AUCTIONED AND PAY FRACTION OF IMPORT PRICE. EVEN SCRUPULOUS BUSINESSMEN OFTEN DELAYED BY VAGARIES OF NIGERIAN COMMUNICATION AND TRANSPORT SYSTEMS IN BEING CONTRACTED BY BANK ABOUT ARRIVAL OF GOODS, PAYING BANK, AND REMOVING GOODS FROM TERMINAL. THESE PROBLEMS COMBINE TO PRODUCE BACKLOG OF BANK GUARANTEED AIR CARGO SHIPMENTS AWAITING REMOVAL FROM AIR CARGO TERMINAL AREA WHICH IS FAR IN EXCESS OF PROPORTION THESE TYPE SHIPMENTS ARE OF TOTAL INCOMING AIR CARGO SHIPMENTS. SIMILAR EMBARGO PLACED ON INCOMING COLLECT AIR SHIPMENTS A YEAR AGO APPARENTLY HAS HAD AMELIORATING EFFECT ON AIR CARGO PROBLEM.

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2. EMBASSY AMERICAN BANKING SOURCE NOT SERIOUSLY ALARMED AT

PROSPECT OF POSSIBLE EMBARGO ON BANK GUARANTEED AIR CARGO SHIPMENTS. ACCORDING TO SOURCE, BULK OF BANK INVOLVEMENT IN THESE TYPE SHIPMENTS IS FOR GOOD CUSTOMERS WITH LONG TERM RELATIONSHIPS WITH BANK. IF EMBARGO PLACED IN EFFECT, BANK EXPECTS TO ALLOW MERCHANDISE BE CONSIGNED TO CUSTOMER IN HIS OWN NAME WITH OTHER SMALL PROPORTION OF BANK AIR CARGO BUSINESS.

3. SHAPE AND TIMING OF POSSIBLE EMBARGO STILL UNDER DISCUSSION AND DETAILS NOT YET AVAILABLE, BUT THEY WILL BE REPORTED AS FORTHCOMING.

EASUM

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NNN

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